

## BUDGET, FINANCE & INVESTMENT COMMITTEE

May 5, 2011

5:30 P.M.

Courthouse

### MINUTES:

#### Members Present:

Comm. Charlie Baum  
Comm. Joe Frank Jernigan  
Comm. Will Jordan  
Comm. Robert Peay, Jr.  
Comm. Steve Sandlin  
Comm. Doug Shafer  
Comm. Joyce Ealy, Chrm.

#### Others Present:

Ernest Burgess  
Teb Batey  
Bill Boner  
Laura Bohling  
Heather Dawbarn  
Lisa Nolen  
Melissa Stinson

#### Others Present:

Bernard Salandy  
Mary Schneider  
Joe Russell  
Jeff Sandvig  
Janet Bowman  
Dalton Bowman  
Cory Mathis

#### Others Present:

Adam Terry  
Joe Rosato  
Elaine Short

Chairman Ealy presided and called the meeting to order at 5:30 P.M. with Comm. Peay being absent at that time.

### APPROVE MINUTES:

The minutes of the April 7, 2011 Budget Committee meeting were presented for approval.

Comm. Jordan moved, seconded by Comm. Sandlin to approve the minutes as presented.

The motion passed unanimously by acclamation with Comm. Peay being absent at that time.

### INVESTMENT REPORT:

Mr. Teb Batey, Trustee, presented the monthly Investment Report for the use and information of the committee advising that the LGIP interest rate was .17%.

Mr. Batey advised that four investment transactions occurred during the month with Beacon Federal receiving the bid for \$3 million at 1% for one year and Regions Bank receiving the bid for \$22 million at .3% for one year. The third transaction was for a small account of \$28,782.92 that is managed for Eagleville High School. The interest from this investment is awarded to the valedictorian. Beacon Federal received the bid at 1% for one year. The fourth bid went to Regions Bank for \$3 million at .3% for one year.

Following review, Comm. Jernigan moved, seconded by Comm. Sandlin to approve the Investment Report as presented.

The motion passed unanimously by acclamation.

Mr. Batey next requested approval of a budget amendment to provide additional funding for Data Processing Services related to getting the Smyrna location up and running:

From:	101-52400-435 – Office Supplies -	\$65
To:	101-52400-317 – Data Processing Services -	\$65

Comm. Sandlin moved, seconded by Comm. Jordan to approve the budget transfer of \$65 from Account 101-52400-435, Office Supplies, to Account 101-52500-317, Data Processing Services, as requested.

The motion passed by roll call vote with Comm. Peay being absent at that time.

### FUND CONDITION REPORT:

Mrs. Lisa Nolen, Finance Director, presented the monthly Fund Condition Report for the use and information of the committee advising that the Development Tax collections for the month were \$81,000 with the year-to-date total being \$732,000. This compared to the same month last year

when the Development Tax collections were \$87,000, and the year-to-date collections were \$1,236,750.

Mrs. Nolen reviewed the fund cash balances totaling \$182,283,209 with \$179,469,488 being operating funds, and \$2,813,721 being borrowed funds. This compared to the same month last year when the total cash balances were \$188,675,455 with \$167,260,005 being operating funds and \$21,415,450 being borrowed funds. Even though the cash balance in the General Fund appeared to be substantially more than the prior year with the balance totaling \$26,490,532 compared to \$21,273,166 in the prior year, Mrs. Nolen reminded the committee that the Development Tax is now being accounted for in the General Fund, which it was not in the prior year. She also reminded the committee that the cash balance in the Ambulance Service Fund was less, because last fiscal year the General Fund loaned the new fund \$3 million as start up funds. The \$3 million was paid back to the General Fund before the end of the last fiscal year.

Comm. Shafer questioned the cash balance in the Employee Insurance Fund with the balance being \$33,076,855 compared to \$30,013,715 in the prior year.

The Finance Director explained that some money is accumulating in the fund for the OPEB liability. Also, the fact that the fund has been experiencing a negative trend, meaning that less is being spent on claims, was also a contributing factor.

The Finance Director also pointed out that in the General Capital Projects Fund, the County Clerk Smyrna Building Project was showing a negative \$424.00 and this would be addressed later in the meeting.

In Fund 189, Other Capital Projects Fund, the cash balance in the Energy Project was also reflecting a negative balance of \$13,870.00, but the Finance Director advised that the School Board was in the process of transferring funds to cover this balance.

The Finance Director advised that the expenditures in the General Fund were 80% expended. She advised that last year at this time, the fund was 78.47% expended, and the year before it was 78.54% expended. The Solid Waste/Sanitation Fund was 71.89% expended compared to 71.57% for last year and 70.66% for the year before that. The Ambulance Service Fund was 76.36% expended compared to 75.14% expended for the same period last year. The Highway Fund was 60.57% expended compared to 65% expended last year at this time and 58.92% expended the year before that. The General Purpose School Fund was 78.28% expended compared to 78.33% expended in the prior year and 79% expended at the end of April, 2009.

Following review, Comm. Jernigan moved, seconded by Comm. Jordan to approve the Fund Condition Report as presented. The motion passed unanimously by acclamation.

#### INSURANCE REPORT:

Mrs. Melissa Stinson, Insurance Director, presented the monthly Insurance Report for the use and information of the committee. She advised that at the end of April, the cost per employee per month for medical, vision, and dental was \$569.87 compared to \$697.74 for the prior year. The year-to-date average cost per employee was \$654.40. The total cost per employee for the month of April including CareHere was \$621.46 compared to the prior year cost of \$730.22 per employee. The year-to-date average cost per employee including CareHere was \$685.53. The average cost per employee for the prior year was \$718.92 resulting in a negative trend of 6.1%. The net OPEB obligation was \$39,838,752.

The year-to-date claims paid for the Work Injury Fund was \$765,395 compared to the prior year claims cost of \$823,140. She stated that there was one legal bill that exceeded \$6,000 in the month of April. The total costs for April were 70% OJI costs and 30% Workers' Compensation costs. She stated that there were currently 21 open Workers' Compensation claims.

Comm. Shafer moved, seconded by Comm. Jernigan to approve the Insurance Financial Report as presented. The motion passed unanimously by acclamation.

RECOMMENDATION TO RE-BID LONG-TERM DISABILITY:

Mrs. Stinson advised that she wanted to make the Budget Committee aware that the Insurance Committee voted to re-bid the long-term disability insurance for the beginning of the 2012 plan year. She stated that the county was at the end of the three-year contract with Hartford.

RECOMMENDATION REGARDING ON-SITE MEDICAL CLINIC:

Mrs. Stinson advised that four bids for the on-site medical clinic were submitted on time by the due date. The four bids were from Concentra, HealthStat, TakeCare, and CIGNA.

Three companies were selected to be interviewed, and the two finalists selected were TakeCare and CIGNA. The Insurance Committee has recommended TakeCare to administer the on-site medical clinic for Rutherford County. Mr. Joe Rosato and Mr. Adam Terry from TakeCare were present.

Mrs. Stinson advised that the all inclusive costs quoted by TakeCare were less than the actual spend rate for 2010. Additionally, TakeCare has offered performance guarantees based on employee satisfaction, performance from an employer perspective, and a financial performance component. The start up costs of \$231,977 represented the costs that would be required if TakeCare had to provide all of the components to start up the clinics, including equipment and a full stocking of the clinics. Should TakeCare be awarded the contract, they will go to the clinics and conduct a full audit of the clinics to determine what supplies and equipment would actually be needed. Mrs. Stinson stated that she expected that the start up cost of \$231,977 would be less since Rutherford County owns the equipment already on hand in the clinics. Mrs. Stinson advised that the personnel provided would be unique from the current situation in that the staff provided would be a dedicated staff that would work full time for Rutherford County employees. The total expected costs as quoted from TakeCare were \$1,539,712. Mrs. Stinson advised when TakeCare was interviewed and the needs of Rutherford County employees and the services that were needed inside of the clinics were discussed with them, the additional costs to meet the criteria was \$213,805, which included additional administrative staff that was requested to better manage the clinic appointment times and clinic services. It would also include the health and wellness population management. One of the things being offered would be a full time health educator. The annual cost, excluding the start-up costs, was \$1,753,518, which is a 5% reduction of the 2010 costs.

Comm. Jordan advised that there was a lengthy discussion at the Insurance Committee. He advised that the Insurance Committee's recommendation was unanimous.

Mrs. Stinson advised that Rutherford County was not just looking to replace the current services in place, but wanted to be able to capture the data that was missing today. She stated that was vital in what the county was trying to accomplish, which was to offer an avenue of service to the employees at a reduced cost. She stated that having a dedicated staff would be beneficial to the employees, because they would have familiarity. She explained that the physicians would not have private practices in the community that they were concerned about. She also explained that the health educator would provide additional support. Having operational staff inside the clinics would also provide a greater ability to offer more services and more appointment times inside the current cost structure.

Comm. Baum asked if some of the same services were offered with CIGNA's bid.

Mrs. Stinson advised that some of the same services were offered with CIGNA's bid. She explained that the deciding factor with CIGNA was that there were a lot of services built into the administrative side. She stated that the employee health insurance contract with CIGNA ended next year, and if the County ever changed medical administrators there would be unknown expenses that would immediately be incurred in the clinics. She stated that the 32% reduction in costs quoted by CIGNA was not an accurate number. She stated that the CIGNA on-site clinics had only been in business for four years. She stated that those two issues were the deciding factor.

Comm. Sandlin asked what happened to CareHere.

Mrs. Stinson advised that the CareHere bid was not received by the deadline.

Comm. Sandlin questioned the \$231,977 in start up costs.

Comm. Jordan stated that the companies had to quote a worse case scenario as if they were equipping bare clinics.

Mr. Rosato stated that the start up costs should be reduced significantly since Rutherford County owned the clinics.

Mrs. Stinson stated that once the contract was awarded, the company would audit the clinics to see what was needed. At that time, the true start-up costs could be determined.

Mrs. Stinson advised that the clinics would have the same locations and the same hours of operation. She stated that the expectation would be that there would be more appointment availability. She stated that TakeCare's online appointment system would allow three different types of appointments.

Comm. Jordan explained that TakeCare was a Walgreen Company. He stated that in the future there might be an opportunity for employees to use the Walgreen's clinics on some type of arrangement.

Mrs. Stinson advised that was not a part of this contract or costs, but that was something that TakeCare offered with other clients. She stated that would also be a great option for some of the 24/7 operation.

Following discussion, Comm. Shafer moved, seconded by Comm. Sandlin to accept the recommendation of the Insurance Committee and to authorize the County Mayor to execute a contract with TakeCare for the administration of Rutherford County's on-site medical clinics effective September 1, 2011.

The motion passed unanimously by roll call vote with Comm. Peay being absent at that time.

#### RECOMMENDATION FOR PROPERTY AND CASUALTY RENEWAL:

Mrs. Stinson introduced Janet Bowman with CCMSI to explain the property and casualty insurance renewals effective July 1, 2011.

Ms. Bowman explained that Traveler's was the recommended company to administer the property coverage. The quoted limit was \$100 million with \$100,000 retention. The expiring rate was \$0.0349 with the expiring insured value being \$1,032,555,942. The expiring premium was \$360,362. The quoted rate for the new term was \$0.0349, the same as the current year. The current total insured value increased to \$1,036,682,074. The new quoted premium was \$361,802.

Ms. Bowman advised that last year the company providing the property coverage was Allianz. She explained that Allianz had provided the county's property coverage for about nine years. She explained that Allianz was no longer covering public sectors, and had sold that book of business to Travelers. Travelers does not charge an engineering fee. She also explained that Allianz had \$2.5 million built in for terrorism coverage. Travelers includes \$10,000,000 for terrorism coverage. Additional terrorism with a limit of \$100 million was excluded, which reduced the quoted premium from \$361,802 to \$358,184. This results in the property premium being reduced by approximately 2% even though the property values have increased.

The recommended company for the crime coverage was Great American, who is the current carrier. The quoted premium was \$8,900, the same as current.

The recommended company for the casualty coverage was ACE USA, who is the current carrier. The expiring premium was \$643,688. The new quoted premium was \$668,933. She explained that the premium increased by approximately 3%, because the exposures increased by approximately 7%. Ms. Bowman advised that last year, the county entered into a rate guarantee with ACE, so for the next two years the rate will stay the same. The rate will only increase or decrease based on the exposure. Ms. Bowman also advised that last year she was able to negotiate a safety training credit of \$7,500 with ACE. She advised that had been approved again this year, and the County would receive a check from ACE for \$7,500.

Following review, Comm. Jernigan moved, seconded by Comm. Jordan to approve the recommendation of the Insurance and forward the same to the County Commission to renew the Property Insurance with Travelers at a quoted premium of \$358,184; to renew the Crime Insurance with Great American at a cost of \$8,900; and to renew the Casualty Insurance with ACE USA at a cost of \$668,933 including a payment of \$7,500 back to Rutherford County for safety training.

The motion passed unanimously by roll call vote with Comm. Peay being absent at that time.

#### RECOMMENDATION REGARDING 2012 HEALTH INSURANCE PREMIUM RATES:

Mrs. Stinson provided information regarding Rutherford County's health insurance premium needs for all active employees. She explained that Healthcare Reform would have an impact on Rutherford County through 2018. She stated that one of the stipulations of healthcare reform was that experience and premium could not be aggregated and each individual option would have to be looked at as its own plan. The premium level has to be built to sustain the claims experience.

Mrs. Stinson explained that the claims experience was trending down and the premium levels are adequate and were expected to be adequate through 2012. She reported that it was the recommendation of the Insurance Committee that the premium rates for option 1, 2, and 3 for active employees remain at the same contribution levels that was required in 2011.

Mrs. Stinson also advised that the recommendation for the premium levels for the pre-65 retirees remain the same for both option 1 and 2.

Mrs. Stinson explained that for the post 65 retirees, both grandfathered and non-grandfathered, a step increase process was in place whereby the contribution rate for the grandfathered retirees consisted of 50% for the spouse and 25% for the employee. The contribution rate for the non-grandfathered post-65 retirees was 50%.

Mrs. Stinson advised that the recommendation from the Insurance Committee was to maintain current 2011 premiums and contribution rates for active employees and pre-65 retirees; and that step increases in the premium rates be taken on post-65 retirees, both grandfathered and non-grandfathered, as applicable.

Comm. Jordan advised that this was consistent with the previous plan, and that this was no surprise.

Mrs. Stinson advised that this would be the fourth year to take the step increases for the post-65 employees, and that there would be one more year for the step increases. After that, any premium adjustment would be based on experience alone, and would not include a step increase.

Following review, Comm. Jordan moved, seconded by Comm. Shafer to approve the step increases to the health insurance premium rates for the post-65 retirees, both grandfathered and non-grandfathered, only where necessary; and that the premium rates for the active employees and the pre-65 retirees remain level with no increases for 2012.

The motion passed by roll call vote with Comm. Peay being absent at that time.

**GENERAL FUND BUDGET AMENDMENTS****PROPERTY ASSESSOR:**

Mr. Bill Boner, Property Assessor, was present to request approval of the following budget transfer to provide funding for cubical workstations to expand the office work space:

From: 101-52300-334 – Maintenance Agreements -	\$ 8,000
To: 101-52300-711 – Furniture/Fixtures -	\$ 8,000

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the budget transfer as requested to transfer \$8,000 from Account 101-52300-334, Maintenance Agreements, to Account 101-52300-711, Furniture & Fixtures.

The motion passed by roll call vote with Comm. Shafer voting “pass”, and Comm. Peay being absent at that time.

**GENERAL SESSIONS COURT:**

Finance Director Lisa Nolen requested approval of the following budget transfer to provide funding to pay the accumulated compensatory time for an employee who has terminated utilizing available funds in the Part-Time Personnel Account:

From: 101-53300-169 – Part Time Personnel -	\$ 1,690
To: 101-53300-187 – Overtime Pay -	\$ 1,500
101-53300-204 – State Retirement -	190

Comm. Shafer moved, seconded by Comm. Sandlin to approve the budget transfer for the General Sessions Court as requested to transfer \$1,690 from Account 101-53300-169, Part-Time Personnel, with \$1,500 to Account 101-53300-187, Overtime Pay, and \$190 to Account 101-53300-204, State Retirement.

The motion passed by roll call vote with Comm. Peay being absent at that time.

**PET ADOPTION & WELFARE SERVICES:**

The Finance Director requested approval of the following budget transfers to provide additional funding for Other Supplies & Materials using funds from Advertising, Medical & Dental Services, and Communications Equipment:

From: 101-55120-302 – Advertising -	\$ 250
101-55120-340 – Medical & Dental Services -	500
101-55120-708 – Communications Equipment -	400
To: 101-55120-499 – Other Supplies/Materials -	\$ 1,150

Mrs. Nolen also presented the following budget amendment for PAWS to provide additional funding for the Part-Time Personnel Account due to vacancies; and to provide additional funding for the Overtime Pay Account to pay the accumulated compensatory time for employees who have left employment:

From: 101-55120-164 – Attendants -	\$ 15,300
To: 101-55120-169 – Part Time Personnel -	\$ 11,300
101-55120-187 – Overtime Pay -	4,000

Following discussion, Comm. Jordan moved, seconded by Comm. Shafer to approve the budget transfers for PAWS with \$250 from Account 101-55120-302, Advertising; \$500 from Account

101-55120-340, Medical & Dental Services; and \$400 from Account 101-55120-708, Communications Equipment; and a total of \$1,150 to Account 101-55120-499, Other Supplies and Materials; \$15,300 from Account 101-55120-164, Attendants; with \$11,300 to Account 101-55120-169, Part-Time Personnel; and \$4,000 to Account 101-55120-187, Overtime Pay.

The motion passed unanimously by roll call vote with Comm. Peay being absent at that time.

CORRECTIONAL WORK CENTER:

Mr. Bernard Salandy, Correctional Work Center Superintendent, requested approval of the following budget transfer to provide adequate funding to pay registration fees for training for the remainder of the Fiscal Year:

From: 101-54220-431 – Law Enforcement Supplies -	\$ 700
To: 101-54220-196 – In-Service Training -	\$ 700

Comm. Sandlin moved, seconded by Comm. Shafer to approve the budget transfer for the Correctional Work Center as requested with \$700 from Account 101-54220-431, Law Enforcement Supplies, and \$700 to Account 101-54220-196, In-Service Training.

The motion passed unanimously by roll call vote with Comm. Peay being absent at that time.

DRUG COURT:

Ms. Mary Schneider, Drug Court Coordinator, requested approval of the following budget amendments to provide funding to pay the overtime and related benefits for a part-time employee who worked overtime hours and to provide additional funding for drug screens:

From: 101-53330-307 – Communications -	\$ 59
To: 101-53330-187 – Overtime Pay -	\$ 54
101-53330-201 – Social Security -	4
101-53330-212 – Employer Medicare -	1
From: 101-39000 – Unassigned Fund Balance -	\$ 3,000
To: 101-53330-499 – Other Supplies & Materials -	\$ 3,000

Comm. Jernigan moved, seconded by Comm. Jordan to approve the budget amendments for the Drug Court transferring \$59 from Account 101-53330-307, Communications, with \$54 to Account 101-53330-187, Overtime Pay, \$4 to Account 101-53330-201, Social Security, and \$1 to Account 101-53330-212, Employer Medicare; amending \$3,000 from Account 101-39000, Unassigned Fund Balance, to Account 101-53330-499, Other Supplies & Materials.

The motion passed by roll call vote with Comm. Peay being absent at that time.

TWO-YEAR GRANT CONTRACT WITH STATE OF TENNESSEE, OFFICE OF CRIMINAL JUSTICE PROGRAMS:

Ms. Schneider requested approval of a two-year Grant Contract with the Tennessee Department of Finance & Administration, Office of Criminal Justice Programs in the amount of \$100,000 for the provision of administering state and federal grant funds to units of local government for enhancing Drug Court Programs. No matching funds are required.

Comm. Sandlin moved, seconded by Comm. Jernigan to authorize the County Mayor to execute the two-year Grant Contract with the Tennessee Department of Finance & Administration, Office of Criminal Justice Programs in the amount of \$100,000 for the provision of administering state and federal grant funds for enhancing Drug Court Programs.

The motion passed unanimously by roll call vote.

COUNTY BUILDINGS:

Mayor Burgess requested approval of the following budget amendments for the County Buildings Department to provide sufficient funding for Communications, Custodial Supplies, Gasoline and Utilities to complete the Fiscal Year:

From: 101-51800-717 – Maintenance Equipment -	\$ 3,787
101-51800-718 – Motor Vehicles -	3,563
To: 101-51800-307 – Communications -	\$ 4,350
101-51800-410 – Custodial Supplies -	3,000
From: 101-58900-425 – Miscellaneous/Gasoline -	\$ 3,000
To: 101-51800-425 – County Buildings/Gasoline -	\$ 3,000
From: 101-39000 – Unassigned Fund Balance -	\$32,000
To: 101-51800-452 – Utilities -	\$32,000

The Finance Director requested approval of the following budget amendment for the County Buildings Department to provide adequate funding for the Employee Insurance for the remainder of the Fiscal Year using the pool from the Employee Benefits/Employee Insurance Account:

From: 101-58600-205 – Employee Benefits/Employee Insurance -	\$ 1,770
To: 101-51800-205 – County Buildings/Employee Insurance -	\$ 1,770

Comm. Sandlin moved, seconded by Comm. Peay to approve the budget amendments for the County Buildings transferring \$3,787 from Account 101-51800-717, Maintenance Equipment, \$3,563 from Account 101-51800-718, Motor Vehicles; with \$4,350 to Account 101-51800-307, Communications, and \$3,000 to Account 101-51800-410, Custodial Supplies; \$3,000 from Account 101-58900-425, Miscellaneous/Gasoline, to Account 101-51800-425, County Buildings/Gasoline; amending \$32,000 from Account 101-39000, Unassigned Fund Balance, to Account 101-51800-452, Utilities; amending \$1,770 from Account 101-58600-205, Employee Benefits/Employee Insurance, to Account 101-51800-205, County Buildings/Employee Insurance.

The motion passed unanimously by roll call vote.

EMPLOYEE BENEFITS:

The Finance Director requested approval of the following budget amendment to provide adequate funding to cover the retiree's health insurance matching for the remainder of the Fiscal Year:

From: 101-58600-205 – Employee Insurance -	\$13,500
To: 101-58600-299 – Other Fringe Benefits -	\$13,500

Comm. Jordan moved, seconded by Comm. Sandlin to approve the budget amendment for the Employee Benefits as requested transferring \$13,500 from Account 101-58600-205, Employee Insurance, to Account 101-58600-299, Other Fringe Benefits.

The motion passed unanimously by roll call vote.

CHANCERY COURT:

The Finance Director requested approval of the following budget transfer for Chancery Court to provide adequate funding to complete the year for Postal Charges:

From: 101-53400-332 – Legal Notices -	\$ 3,000
To: 101-53400-348 – Postal Charges -	\$ 3,000



Comm. Peay moved, seconded by Comm. Jernigan to approve the budget transfer for Chancery Court as requested transferring \$3,000 from Account 101-53400-332, Legal Notices, to Account 101-53400-348, Postal Charges. The motion passed unanimously by roll call vote.

SHERIFF'S DEPARTMENT/JAIL:

Mr. Joe Russell, Chief Deputy, Sheriff's Department requested approval of the following budget amendments to recognize revenue from Contracted Services with other Governments and contributions to be appropriated for In-Service Training; to recognize revenue from the sale of recycled material to be appropriated for Maintenance & Repair of the Building; to transfer within the budget for In-Service Training to recognize revenue from contributions to be appropriated for Office Supplies; to amend from the Restricted Account for Public Safety/Jail, Workhouse & Courthouse to be used for Building Improvements for AMAG Access Security System; to transfer within the budget for Data Processing Equipment; to recognize revenue from contributions to be appropriated for Other Supplies and Materials; and to provide additional funding for Overtime Pay for the Jail due to comp. time buy backs:

Increase Revenue:	101-48140 – Contracted Services -	\$ 80
	101-44570 – Contributions/Gifts -	40
Increase Expend.:	101-54110-196 – In-Service Training -	\$ 120
Increase Revenue:	101-44145 – Sale of Recycled Materials -	\$ 317
Increase Expend.:	101-54210-335 – Maint./Repair Buildings -	\$ 317
From:	101-54110-505 – Judgments -	\$ 4,000
To:	101-54110-196 – In-Service Training -	\$ 4,000
Increase Revenue:	101-44570 – Contributions/Gifts -	\$ 175
Increase Expend.:	101-54110-435 – Office Supplies -	\$ 175
From:	101-34525-JWC – Restricted for Public Safety-Jail, Workhouse, Courthouse -	\$ 56,540
To:	101-54210-707 – Jail/Building Improvements -	\$ 56,540
From:	101-54210-336 – Maint./Repair Equipment -	\$ 7,500
To:	101-54210-709 – Data Processing Equipment -	\$ 7,500
Increase Revenue:	101-44570 – Contributions/Gifts -	\$ 100
Increase Expend.:	101-54210-499 – Other Supplies/Materials -	\$ 100
From:	101-54210-189 – Other Salaries/Wages -	\$ 5,000
To:	101-54210-187 – Overtime Pay -	\$ 5,000

Comm. Peay moved, seconded by Comm. Shafer to approve all of the budget amendments as requested except for the amendment for \$56,540 from Account 101-34525-JWC, Restricted for Public Safety-Jail, Workhouse, Courthouse, to Account 101-54210-707, Building Improvements; and approving increasing revenue accounts 101-48140, Contracted Services, by \$80 and 101-44570, Contributions & Gifts, by \$40 and increasing Account 101-54110-196, In-Service Training, by \$120; increasing revenue account 101-44145, Sale of Recycled Materials, by \$317 and increasing expenditure account 101-54210-335, Maintenance & Repair of Equipment, by \$317; transferring \$4,000 from Account 101-54110-505, Judgments, to Account 101-54110-196, In-Service Training; increasing revenue account 101-44570, Contributions & Gifts by \$175; and increasing expenditure Account 101-54110-435, Office Supplies by \$175; transferring \$7,500 from Account 101-54210-336, Maintenance & Repair Equipment, to Account 101-54210-709, Jail/Data Processing Equipment; increasing revenue account 101-44570, Contributions & Gifts, by \$100 and increasing expenditure account 101-54210-499, Other Supplies/Materials, by \$100; transferring \$5,000 from Account 101-54210-189, Other Salaries & Wages, to Account 101-54210-187, Overtime Pay.

The motion passed unanimously by roll call vote.

Comm. Peay stated that he voted against the \$56,540 for the security card reader system in the Public Safety Committee. He stated he was very familiar with the card scanning systems, and he did not think it was a very secure system. He stated that he was skeptical of it, and he could not see spending the money for the system until he saw a lot more detail on how secure it would actually be. He stated that the Sheriff's Department is using a push-button code system now, and when someone leaves employment they have to change the code.

Mr. Russell stated that a card scanning system was used when he was at Barrett, and he thought they were effective. He said they were able to develop reports as to who went in and out, and they were also used as a time clock. He stated that it reduced the overtime by approximately 25%.

Comm. Jordan stated that he liked the idea of it being used as a time clock.

Mr. Russell advised that the company who was providing the electronic time sheet for employees who had access to computers recommended this equipment for the card scanning. He advised that the equipment for entering the building and clocking in would be different, but the same identification card could be used.

Comm. Sandlin asked if other facilities using this same type of equipment had been investigated.

Mr. Russell stated that other facilities had not been check out. He stated that Gorrie Regan, who provided the program for the electronic time sheet, had recommended the equipment.

The Finance Director advised that this system would be a two-fold system. The card would be used for access to the building, which is what the requested money would be used for. A secondary use of the card would be for clocking in and out, which would require separate equipment.

Comm. Peay stated that his concern was that the Sheriff's Department was requesting \$56,540 to purchase equipment to go in and out of the building that is already secure with a key-punch system. He stated that it did not have anything to do with time keeping right now.

Mayor Burgess stated that he supported the concept of what the Sheriff's Department was trying to do, but he stated he thought they would have to issue a Request for Proposal and bid the system. He stated that the cost would be substantially more than \$10,000.

Comm. Sandlin stated that he also thought the system should be bid and that other options should also be looked at.

#### SPECIAL PURPOSE FUND BUDGET AMENDMENT:

The Finance Director requested approval of the following budget amendment for the Special Purpose Fund (DEA/Asset Forfeiture Fund). She advised that at the Public Safety Committee meeting she requested approval to bring the budget amendment directly to the Budget Committee. She explained that the funds should be turned over to the county monthly and correctly appropriated prior to the funds being expended. The budget amendment appropriates funds received by the Sheriff's Department from July, 2010 through April, 2011:

Increase Revenue:	121-47700 – Asset Forfeiture -	\$71,996
	121-44110 – Investment Income -	36
Increase Expend.:	121-54110-196 – In-Service Training -	\$ 7,986
	121-54110-319 – Confidential Drug Enforcement -	46,776
	121-54110-335 – Maint./Repair Building -	1,321
	121-54110-338 – Maint./Repair Vehicles -	2,704
	121-54110-401 – Animal & Food Supplies -	1,807

121-54110-431 – Law Enforcement Supplies -	296
121-54110-451 – Uniforms -	927
121-54110-499 – Other Supplies/Materials -	3,215
121-54110-709 – Data Processing Equipment -	7,000

Comm. Peay moved, seconded by Comm. Sandlin to approve the Special Purpose Fund budget amendment as requested increasing revenue accounts 121-47700, Asset Forfeiture, by \$71,996 and 121-44110, Investment Income, by \$36; increasing expenditure accounts 121-54110-196, In-Service Training by \$7,986; 121-54110-319, Confidential Drug Enforcement, by \$46,776; 121-54110-335, Maintenance & Repair Building by \$1,321; 121-54110-338, Maintenance & Repair Vehicles by \$2,704; 121-54110-401, Animal & Food Supplies, by \$1,807; 121-54110-431, Law Enforcement Supplies, by \$296; 121-54110-451, Uniforms, by \$927; 121-54110-499, Other Supplies & Materials, by \$3,215; and 121-54110-709, Data Processing Equipment, by \$7,000.

The motion passed unanimously by roll call vote.

#### AMBULANCE SERVICE FUND:

The Finance Director requested approval of the following budget amendment for the Ambulance Service Fund to provide funding for Unemployment Compensation for the remainder of the Fiscal Year:

From: 118-55130-133 – Paraprofessionals -	\$ 2,300
To: 118-55130-210 – Unemployment Compensation -	\$ 2,300

Comm. Jernigan moved, seconded by Comm. Shafer to approve the budget amendment for the Ambulance Service as requested to provide funding for Unemployment Compensation transferring \$2,300 from Account 118-55130-133, Paraprofessionals, to Account 118-55130-210, Unemployment Compensation.

The motion passed unanimously by roll call vote.

#### SOLID WASTE/SANITATION FUND BUDGET AMENDMENT:

The Finance Director requested approval of the following budget amendments for the Solid Waste/Sanitation Fund to provide additional funding for the Litter Grant Gasoline Account and to request to recognize insurance proceeds received from a truck that was totaled appropriating the insurance proceeds to Judgments in order to make a transfer to the Self-Insurance Fund to be applied for the payment of liability claims:

From: 116-55720-499 – Other Supplies/Materials -	\$ 2,500
To: 116-55720-425 – Gasoline -	\$ 2,500
Increase Revenue: 116-49700 – Insurance Recovery -	\$29,850
Increase Expend.: 116-58900-505 – Judgments -	\$29,850

Comm. Jernigan moved, seconded by Comm. Jordan to approve the budget amendments for the Solid Waste/Sanitation Fund as requested transferring \$2,500 from Account 116-55720-499, Other Supplies & Materials, to Account 116-55720-425, Gasoline; increasing revenue Account 116-49700, Insurance Recovery, by \$29,850 and increasing expenditure Account 116-58900-505, Judgments, by \$29,850.

The motion passed unanimously by roll call vote.

#### SCHOOL BUILDING PROGRAM BUDGET AMENDMENTS:

Mr. Jeff Sandvig, Assistant Superintendent, requested approval of the following School Building Program budget amendments to provide \$350,000 in design funds for the Eagleville School additions by amending \$250,099 in savings from the Oakland Middle School Project and

\$99,901 from the Whitworth Buchanan Middle School Project. It also amends \$59,184 from the Campus School Renovation Budget to the new elementary school's budget for architect's fees. The cash in the new elementary school's architect fee account is being used to temporarily fund the design of Stewart's Creek High School:

From: Oakland Middle School -	\$250,099
Whitworth Buchanan Middle School -	99,901
To: Eagleville Addition -	\$350,000
From: Campus School Renovation -	\$ 59,184
To: New Elementary School -	59,184

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the School Building Program budget amendments as requested to provide \$350,000 in design funds for the Eagleville School additions by amending \$250,099 in savings from the Oakland Middle School Project and \$99,901 from the Whitworth Buchanan Middle School Project and to amend \$59,184 from the Campus School Renovation budget to the new elementary school's budget for architect's fees.

The motion passed unanimously by roll call vote.

Mr. Sandvig distributed copies of the 2011-12 School's Budget for the information and use by the committee.

#### GENERAL CAPITAL PROJECTS FUND BUDGET AMENDMENT:

Finance Director Lisa Nolen requested approval of the following budget amendment advising that the County Clerk's Smyrna Project was closed on February 11 with a transfer of \$4,005 to the Jail Expansion/Renovation Project. An invoice has been received from the architect for the County Clerk Smyrna Office in the amount of \$424. This amendment transfers money back to the County Clerk Smyrna Office Project from the Jail Expansion/Renovation Project to cover the invoice:

From: Jail Expansion/Renovation -	\$424
To: County Clerk – Smyrna Office -	\$424

Comm. Jordan moved, seconded by Comm. Sandlin to approve the General Capital Projects Fund budget amendment transferring \$424 from the Jail Expansion/Renovation Project to the County Clerk Smyrna Office Project.

The motion passed unanimously by roll call vote.

#### INTER-AGENCY CONTRACT AND PROJECT WET CONTRACT:

Chairman Ealy advised of two contracts being submitted for approval, the Inter-Agency Contract and the Project WET Contract. WET stands for Water Education for Teachers. The program is part of the Storm Water Management Program and administered through the Discovery Center.

Mayor Burgess advised that the Discovery Center provided the facilitator to work with the teachers and school principals to explain and promote the Project WET program.

Comm. Sandlin moved, seconded by Comm. Peay to authorize the County Mayor to execute the Inter-Agency Contract on behalf of Rutherford County for the payment to the Discovery Center with the costs to be shared with Rutherford County contributing 21.4%, Town of Smyrna contributing 21.4%, City of La Vergne contributing 20%, and City of Murfreesboro contributing 37.2%; and additionally to authorize the County Mayor to execute the Project WET Contract with the Discovery Center to provide a Project WET facilitator to work with the teachers and school principals in all schools located within Rutherford County (both within the County system and City system) to explain and promote the Project WET program.

The motion passed unanimously by roll call vote.

CONTRACT WITH TENNESSEE DEPARTMENT OF TRANSPORTATION FOR LITTER REMOVAL ACTIVITIES ON STATE HIGHWAYS:

Mayor Burgess requested approval of a Contract with the Tennessee Department of Transportation for litter removal activities on State Highways in the amount of \$33,785 for 155.18 miles. Mayor Burgess advised that the contract amount is the same as the current year.

Comm. Jernigan moved, seconded by Comm. Jordan to accept the Contract with the Tennessee Department of Transportation for litter removal activities on State Highways in the amount of \$33,785 and to authorize the County Mayor to execute the same.

The motion passed unanimously by roll call vote.

RESOLUTION AUTHORIZING SUBMISSION OF AN APPLICATION FOR LITTER AND TRASH COLLECTION GRANT FROM THE TENNESSEE DEPARTMENT OF TRANSPORTATION:

Chairman Ealy advised of a Resolution authorizing submission of an application for a litter and trash collection grant from the Tennessee Department of Transportation for the period from July 1, 2011 through June 30, 2012 and also authorizing the County Mayor to execute contracts or other necessary documents upon approval of said application by the Tennessee Department of Transportation.

Comm. Jernigan moved, seconded by Comm. Jordan to forward a Resolution to the County Commission authorizing submission of an application for a litter and trash collection grant from the Tennessee Department of Transportation and authorizing acceptance of said grant upon approval.

The motion passed unanimously by roll call vote.

RECOMMENDATION APPROVING THE NAMING OF A BRIDGE ON STATE ROUTE 96, THE JAMES C. MCKNIGHT BRIDGE:

Mayor Burgess advised that the State Legislature had approved the naming of a bridge on State Route 96 in honor of James C. McKnight. The Tennessee Department of Transportation will fabricate and install the signs. The amount to be submitted based on the estimated cost of the two signs is \$300.

Comm. Peay moved, seconded by Comm. Jernigan to approve the payment of \$300 to the Tennessee Department of Transportation to fabricate and install the signs for the naming of a bridge on State Route 96 in honor of James C. McKnight.

The motion passed unanimously by roll call vote.

At this point in the meeting, the committee took a short recess.

2011-12 BUDGET OVERVIEW:

The Finance Director advised that the 2011-12 estimated revenue has been allocated to the various funds in the same manner as the previous year. The Finance Director advised of a situation regarding the county's situs sales taxes in that the County has been receiving a portion of the City of Murfreesboro's situs sales taxes. She advised that the sales tax collected in the rural area of the county was divided with 20% being allocated to the County General Fund, 20% to the Highway Fund, and 60% to the Solid Waste/Sanitation Fund. One-half of the total local sales tax collected goes to education. She explained that the Tennessee Department of Revenue discovered that several businesses located in the City of Murfreesboro were reporting their sales tax under Rutherford County's identifier. When this is discovered, the State will correct the

error moving forward and go back 12 months and correct that and reimburse the City of Murfreesboro the money that was inadvertently sent to Rutherford County. The total amount sent to Rutherford County in error was \$1,227,810. Over the next 18 months the State will withhold \$68,212 each month from Rutherford County's situs sales tax. Because there is a "maintenance of effort" requirement in the Highway Fund, the loss of sales tax had to be addressed. This was accomplished by transferring one-half cent of the property tax rate from the Ambulance Fund to the Highway Fund.

The current property tax rate for Rutherford County is \$2.4652 per \$100 of assessed value with the County General Fund receiving \$0.5540; Ambulance Service Fund receiving \$0.0879; Highway Fund receiving \$0.0090; General Purpose School Fund receiving \$1.1430; Education Capital Projects Fund receiving \$0.0451; and the Debt Service Fund receiving \$0.6262.

The proposed property tax distribution was \$0.5540 for the General Fund; \$0.0829 for the Ambulance Service Fund; \$0.0140 for the Highway Fund; \$1.1430 for the General Purpose School Fund; \$0.0451 for the Education Capital Projects Fund; and \$0.6262 for the Debt Service Fund for a total of \$2.4652.

The Finance Director advised that the Solid Waste Fund received the lion share of the county's sales tax. In budgeting revenue, she advised that she estimated about \$700,000 less for next year. She stated that was a significant hurt to that fund.

The Finance Director advised that previously the property tax going into the Highway Fund has been designated for Public Works. She advised that the Highway Fund would be losing local money with the error in the sales tax. She stated that it did not matter to the State that the county had determined that the property tax was designated for Public Works. She explained that the state looked at the total revenue going into the fund in determining the maintenance of effort.

Comm. Jernigan expressed concern that the Public Works portion of the budget would not be receiving the same amount of money.

The Finance Director advised that the Public Works portion of the budget was approximately \$531,000. She explained that equated to the amount of property tax going into the fund. She explained that if there were any savings in the Public Works portion of the budget that would increase the portion of fund balance that was for that purpose. By adding additional property tax to the Highway Fund, the increased amount of the property tax would fund the Highway portion of the budget to make up for the loss in sales tax.

The Finance Director advised that one cent of the property tax rate would generate \$575,281 in revenue.

Mrs. Nolen advised 2011-12 would be the seventh year of the pay plan adopted by the Board of Commissioners in June, 2005. She advised that two years ago, employees who were due a step increase remained in their step for a third-year. In the current Fiscal Year, half of the county employees received a step increase. In the 2011-12 Fiscal Year it was proposed that the other half of employees would receive a step increase. The budget does not include an increase to the pay table. The Highway Fund budget includes pay increases averaging 3%. Salaries in the General Purpose School Fund and Central Cafeteria Fund are budgeted according to the Board of Education's pay plan. Their proposal includes a 1.6% increase to their base salaries and a 1.4% non-recurring bonus. The bonus will be paid from the remainder of the Education Jobs funds.

As currently presented, an additional 12 cents of property tax is needed by the county to achieve balanced budgets for the County General Fund (6.55 cents), Solid Waste/Sanitation Fund (2.39 cents), and the Debt Service Fund (3.25 cents). An additional 14 cents is needed for the education portion of the property tax rate to have a balanced budget for the General Purpose School Fund. It has been determined that sufficient funds exist in the unassigned/assigned fund balances of each of the funds to offset the need for an increase in the property tax rate. The Board of Education is projecting to use approximately \$6 million of their fund balance to fund the 2011-12 budget. The sales tax revenue for schools has been estimated with a 1% increase

over the 2010-11 projected amount. If sales tax revenue continues to increase, then there would be less reliance on the Board's fund balances.

The Finance Director advised that the total estimated revenue for all funds for the Fiscal Year ending June 30, 2012 was \$427,323,804, and the recommended appropriations totaled \$444,018,734. The total amount of fund balance being used to balance the budget was \$16,694,930. When considering the education portion of the General Debt Service Fund, 76.4% of the budget was for schools. The estimated beginning unassigned fund balance at July 1, 2011 was \$81,463,834, and the estimated ending fund balance at June 30, 2011 was \$65,037,789. The estimated ending fund balance in the General Fund was 15.67% of appropriations, and the county's policy requires 15%. The estimated ending fund balance in the General Purpose School Fund was estimated at 3.69%, and the requirement is 3%. The Central Cafeteria Fund should not have more than a 25% fund balance, and the estimation was at 17.10%. The estimated ending fund balance of the General Debt Service Fund was estimated at 50% of appropriations.

The Finance Director advised that the revenue and expenditures in the General Debt Service Fund included a \$21 million note that would be due next April. The budget reflects a refunding of that note. She stated that if the \$21 million note was taken out of the budget, the estimated ending fund balance of the General Debt Service Fund would be about 75%. The Debt Service Fund budget also included \$1.8 million for an interest payment for any new debt that will be issued in the next Fiscal Year.

The Finance Director explained that 31% of the county's revenue is generated from the property tax levy and 39% consists of state revenue.

The Finance Director explained that the original 2010-11 budget for the General Fund was at \$68 million. The current year amended appropriations total \$72,638,671. The total requested for 2011-12 was \$74,037,114, and the County Mayor's recommendation totaled \$71,984,887.

The Finance Director explained that significant increases to the General Fund budget included the salaries and benefits for the County Clerk's Office and the Register of Deeds Office for a full year, the pay plan, the GIS Flyover, the GIS Maintenance Agreements, eight new full time positions and one new part time position with the elimination of three positions.

The Finance Director reviewed the worksheet for the Highway certification of revenue noting that the revenue being estimated must meet or exceed the five-year average. After the county's books are closed, the worksheet is submitted to the state to prove to the state that the maintenance of effort is being maintained.

In summary, the Finance Director stated that the county was maintaining its policies, but it was down to the wire.

#### ADJOURNMENT:

The next Budget Committee meeting will be on Tuesday, May 10 at 5:30 at which time the committee will begin reviewing the individual departmental budgets.

There being no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 7:42 P.M.

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Elaine Short, Secretary